

## Message Text

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PAGE 01 BUCAR 02908 211302Z

45

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 SAJ-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 PA-01 PRS-01

INRE-00 SSO-00 NSCE-00 COME-00 XMB-02 /075 W

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O 211114Z MAY 76

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 8038

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E.O. 11652 N/A

TAGS: EEWT, RO

SUBJ: AGREED TEXTS OF ANNEX I & ANNEX II

REF: (A) BUCHAREST 2900 (B) STATE 119412

1. AS REPORTED REFTEL A, THE TWO SIDES REACHED AGREEMENT MAY 20 ON SUBSTANTIALLY ALL PORTIONS OF ANNEX I. ONLY SERIOUS REMAINING STICKING POINT FOR ROMANIANS IS PARA 1 (C) (DIRECT HIRING AND COMPENSATION OF EMPLOYEES BY ENTITIES OTHER THAN JOINT COMPANIES). PARA 1 (F) (DIRECT CONTACTS) HAS BEEN ACCEPTED ON PERSONAL BASIS BY GOR DEPUTY DEL HEAD STANKA. AGREED TEXTS FOLLOW.

2. ANNEX I THE PARTIES RECOGNIZE THE DESIRABILITY OF GENERAL PRINCIPLES FOR THE DEVELOPMENT AND OPERATION OF COOPERATION ACTIVITIES, AS ENUMERATED IN ARTICLE II OF THIS AGREEMENT, IN WHICH NATIONALS, FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS OF ONE PARTY MAY PARTICIPATE IN THE TERRITORY OF THE OTHER. THEREFORE, THE PARTIES RECOMMEND THE FOLLOWING PRINCIPLES, SUBJECT TO LAWS AND REGULATIONS IN FORCE IN THE TERRITORY OF THE PARTY WHERE SUCH COOPERATION ACTIVITIES TAKE PLACE.

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PAGE 02 BUCAR 02908 211302Z

(1.) SUCH NATIONALS, FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS OF A PARTY, CONSISTENT WITH APPLICABLE LAWS, REGULATIONS, AND AGREEMENTS BETWEEN THE PARTIES, SHOULD HAVE THE RIGHT:

A. TO BE FREE TO TRANSFER ABROAD, WITHOUT DISCRIMINATORY RESTRICTIONS AND FEES, AND UNDER THE CONDITIONS STIPULATED BETWEEN THE PARTICIPANTS, NET PROCEEDS, AND THE VALUE OF CAPITAL PARTICIPATION, OF RIGHTS RESULTING FROM DISTRIBUTION OF ASSETS UPON DISSOLUTION, AND OF ALL OTHER RIGHTS TO WHICH THEY ARE ENTITLED;

B. TO VERIFY COMPLIANCE WITH ALL CONTRACTUAL OBLIGATIONS;

BRACKET C. TO HIRE AND COMPENSATE DIRECTLY EMPLOYEES IN THE TERRITORY OF THE OTHER PARTY; CLOSE BRACKET

D. TO PURCHASE INSTALLATIONS, EQUIPMENT AND MATERIALS NECESSARY FOR COOPERATION ACTIVITIES FROM DOMESTIC OR FOREIGN SOURCES ACCORDING TO COMPETITIVE CRITERIA;

E. TO HAVE ACCESS TO SERVICES AND FACILITIES NECESSARY FOR THE CONDUCT OF BUSINESS WHICH IS NO LESS FAVORABLE THAN THAT ACCORDED TO FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS OF ANY THIRD COUNTRY;

BRACKET F. TO CONTACT AND DEAL DIRECTLY WITH FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS OF THE OTHER PARTY ENGAGED IN COOPERATION ACTIVITIES, INCLUDING MAJOR PROVIDERS OF SERVICES, SUPPLIES AND COMPONENTS FOR COOPERATION ACTIVITIES, AND MAJOR USERS OF GOODS PRODUCED THROUGH SUCH COOPERATION ACTIVITIES; CLOSE BRACKET

G. TO ENJOY RIGHTS AND FACILITIES NO LESS THAN THOSE ACCORDED TO REPRESENTATIONS UNDER THE PROVISIONS OF ANNEX 2 (I) OF THE AGREEMENT ON TRADE RELATIONS OF APRIL 2, 1975, BETWEEN THE TWO COUNTRIES; AND

H. TO EXERCISE OTHER RIGHTS, AND CARRY OUT OBLIGATIONS AGREED UPON BETWEEN PARTICIPANTS IN THE TWO COUNTRIES IN THEIR CONTRACTS.  
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PAGE 03 BUCHAR 02908 211302Z

(2.) THE PARTIES RECOMMEND THE ADOPTION OF ARBITRATION UNDER THE RULES OF ARBITRATION OF THE INTERNAL CHAMBER OF COMMERCE IN PARIS FOR THE SETTLEMENT OF DISPUTES BETWEEN PARTICIPANTS IN COOPERATION ACTIVITIES. SUCH ARBITRATION SHOULD TAKE PLACE IN A COUNTRY OTHER THAN THE UNITED STATES OF AMERICA OR THE SOCIALIST REPUBLIC OF ROMANIA THAT IS A PARTY TO THE CONVENTION FOR THE

RECOGNITION AND ENFORCEMENT OF FOREIGN ARBITRAL AWARDS  
OF NEW YORK OF JUNE 10, 1958. PARTICIPANTS MAY MUTUALLY  
AGREE ON ANY OTHER FORM OR PLACE FOR THE SETTLEMENT OF  
DISPUTES.

(3.) THE PARTIES AGREE THAT INFORMAL GOVERNMENT-TO-GOVERNMENT  
CONSULTATIONS REGARDING SPECIFIC PROPOSALS FOR MAJOR  
COOPERATION PROJECTS BETWEEN FIRMS, COMPANIES OR ECONOMIC  
ORGANIZATIONS OF THE TWO PARTIES, OR MAJOR INVESTMENTS  
BY FIRMS, COMPANIES OR ECONOMIC ORGANIZATIONS OF ONE  
PARTY IN THE TERRITORY OF THE OTHER PARTY, WOULD CONTRIBUTE  
TO ACHIEVEMENT OF THE OBJECTIVES OF THIS AGREEMENT.  
SUCH CONSULTATIONS SHOULD TAKE PLACE AT THE REQUEST OF  
EITHER PARTY PRIOR TO CONCLUSION OF ARRANGEMENTS FOR SUCH  
ACTIVITIES.

(4.) THE PARTIES ALSO RECOMMEND THE FOLLOWING GENERAL  
PRINCIPLES FOR THE ESTABLISHMENT AND OPERATION OF JOINT  
COMPANIES IN THE TERRITORY OF ONE PARTY, INVOLVING  
CAPITAL PARTICIPATION BY FIRMS, COMPANIES AND ECONOMIC  
ORGANIZATIONS OF THE OTHER PARTY. SUCH JOINT COMPANIES  
SHOULD HAVE THE RIGHT TO HIRE AND COMPENSATE DIRECTLY  
EMPLOYEES, OTHER THAN THOSE ENGAGED IN MANAGEMENT, AT  
RATES SIMILAR TO THOSE PREDOMINANT DOMESTICALLY IN FIRMS,  
COMPANIES OR ECONOMIC ORGANIZATIONS ENGAGED IN SIMILAR  
ACTIVITIES. FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS  
PARTICIPATING IN SUCH JOINT COMPANIES SHOULD HAVE THE  
RIGHT, SUBJECT TO LAWS AND REGULATIONS IN FORCE IN THE  
TERRITORY OF THE PARTY WHERE THE JOINT COMPANY IS  
ESTABLISHED:

A. TO SHARE IN PROFITS IN DIRECT PROPORTION TO CAPITAL  
PARTICIPATION IN THE JOINT COMPANY;  
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PAGE 04 BUCAR 02908 211302Z

B. TO SHARE, IN PROPORTION TO THEIR CAPITAL  
PARTICIPATION, IN ASSETS RESULTING FROM DISSOLUTION OF  
THE JOINT COMPANY;

C. TO TRANSFER FOR VALUE ALL OR PART OF THE RIGHTS ARISING  
FROM CAPITAL PARTICIPATION, AS PROVIDED IN APPLICABLE  
LAWS AND REGULATIONS, AND IN CONFIRMITY WITH THE LEGAL  
INSTRUMENTS ESTABLISHING THE COMPANY;

D. TO EXAMINE AND VERIFY, UPON REQUEST, THE STATUS OF  
THE COMPANY'S PROPERTY AND BOOKS OF ACCOUNT, IN CONFIRMITY  
WITH THE LEGAL INSTRUMENTS ESTABLISHING THE COMPANY;

E. TO PARTICIPATE IN MANAGEMENT OR TO BE REPRESENTED IN

MANAGEMENT IN EQUITABLE PROPORTION TO THEIR CAPITAL PARTICIPATION IN THE COMPANY;

F. TO LIMIT THEIR LIABILITY FOR THE OBLIGATIONS OF THE COMPANY TO THE VALUE OF THEIR CAPITAL PARTICIPATION;

G. TO ENTER INTO ARRANGEMENTS FOR MANAGEMENT OF THE JOINT COMPANY WHICH WILL ASSURE THAT MANAGEMENT HAS FULL POWERS, CONSISTENT WITH LAWS AND REGULATIONS IN FORCE, TO DIRECT AND ORGANIZE PRODUCTION, SALES AND OTHER ACTIVITIES OF THE COMPANY;

H. TO EXERCISE OTHER RIGHTS AND TO CARRY OUT OTHER OBLIGATIONS AGREED UPON BY PARTICIPATIONS IN THE COMPANY, IN CONFORMITY WITH THE LEGAL INSTRUMENTS ESTABLISHING THE COMPANY;

(5.) THE PARTIES RECOMMEND THAT DISPUTES BETWEEN ONE PARTY AND A NATIONAL FIRM, COMPANY OR ECONOMIC ORGANIZATION OF THE OTHER PARTY WHICH ARISE OUT OF AN INVESTMENT BE SUBMITTED FOR CONCILIATION OR ARBITRATION AS PROVIDED BY THE CONVENTION ON THE SETTLEMENT OF INVESTMENT DISPUTES BETWEEN STATES AND NATIONALS OF OTHER STATES.

3. PER PARA 12 REF B, REFERENCE TO ANNEX I IN ARTICLE II (1) REVISED TO READ QUOTE GENERAL PRINCIPLES FOR THE DEVELOPMENT LIMITED OFFICIAL USE

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PAGE 05 BUCAR 02908 211302Z

AND OPERATION OF COOPERATION ACTIVITIES ARE SET FORTH IN ANNEX I TO THIS AGREEMENT. END QUOTE.

4. AGREED TEXT OF ANNEX II IS AS FOLLOWS: IN ACCORDANCE WITH ARTICLE II, PARA 7 OF THIS AGREEMENT THE FOLLOWING SECTORS HAVE BEEN IDENTIFIED AS AREAS OF PARTICULAR INTEREST FOR THE DEVELOPMENT OF ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION BETWEEN THE FIRMS, COMPANIES AND ECONOMIC ORGANIZATIONS OF THE TWO COUNTRIES: MACHINE BUILDING INDUSTRY; ELECTRICAL AND ELECTRONIC INDUSTRIES; AVIATION INDUSTRY; CHEMICAL AND PETROCHEMICAL INDUSTRY; PETROLEUM INDUSTRY; MINING INDUSTRY; CONSTRUCTION MATERIALS INDUSTRY; LIGHT INDUSTRY; FOOD INDUSTRY; TELECOMMUNICATIONS; COMPUTERS AND DATA PROCESSING; AGRICULTURE; BANKING. BARNES

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